



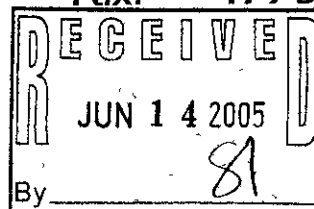
# **Union Bank**

*Hometown Banking At Its Best!*

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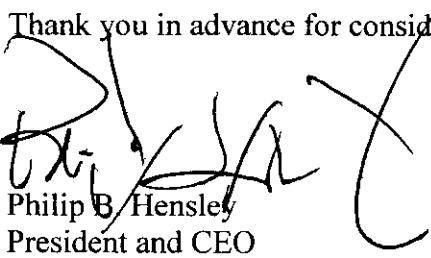


To: Robert E. Feldman, Executive Secretary  
From: Philip B. Hensley, President and CEO,  
Union Bank of Mena, Mena, Arkansas  
RE: Proposal to change Loan Classification  
Date: May 23, 2005

The purpose of this memo is to disagree with The Interagency Proposal on the changing of the Classification of Commercial Credit Exposures System. We feel that the current system of using "special mention", "substandard", and "doubtful" as a means of rating credit facilities meets the needs of bankers industry wide. Over the years bankers have developed a common vocabulary and understanding of the current system. To do away with this system, in my opinion, would only cause confusion and lead to more problems in properly assessing a financial institutions loan portfolio.

As President of Union Bank of Mena and in charge of the banks lending function, I have found that in recent years our rating system we use has been very accurate in assessing the current status of our lending portfolio. Examinations have rarely produced greater number of classifications than already identified by our in house loan review function. We strive to accurately rate loans from the day of funding to payout and with the current system in place feel that we have good communication and accurately report the overall health of our bank with all regulatory agencies.

Thank you in advance for considering our opinion.

  
Philip B. Hensley  
President and CEO  
Union Bank of Mena

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